

M E M O R A N D U M

TO: Mayor Prussing
Members, Urbana City Council

FROM: Ronald Eldridge, City Comptroller

RE: Quarterly Investment Report for Quarter Ended June 30, 2009

DATE: August 19, 2009

The City's investment policy requires that a quarterly investment report be submitted to the City Council. Attached please find the city's investment report as of June 30, 2009.

Two last 2 columns report any changes in investments and cash accounts during the quarter. The total amount invested increased \$689,384 to a total of \$32,241,346. This increase is normal for this quarter since the City receives a significant property tax payment near the end of June that will be used to pay salary and expenses during the next few quarters. The average yield is 4.0% on fixed investments (CD's and U.S. Treasury) and 0.2% on short-term money market and savings investments (last quarter returns were 4.0 and 0.3% respectively). The average outstanding length of maturity time for the fixed investments is 5.7 years. I have purchased a few U.S. securities that mature in approximately 20 years, in order to obtain a higher yield. These securities can be sold if needed to.

There continues to be drop in interest rates being paid on investments, especially short-term and money market accounts, due to the federal government trying to jump start the economy. Our short-term money market account that the city holds money to pay weekly bills has dropped to 0.1%. In order to try to earn as much as possible, I have been spending considerable time in attempting to project cash needs so that the City can invest some of our short-term money in 30, 60, and 90 day CD's at an average rate around 1-1.5%, as available cash will allow.

This portfolio of city investment's has not been affected by the recent stock market decline since this portfolio has no investments in the stock market. However, the stock market decline has dramatically impacted the City's three employee pension funds as the Police Pension and Fire Pension Funds have 45% of their assets invested in the stock market and I.M.R.F. has 60%). While employee pensions are not threatened (these are guaranteed by law and money has already been accumulated to pay these pensions), if the stock market does not rebound within the 2-3 years, the City will be required to increase the amounts contributed to these pension funds dramatically. The stock market has rebounded very well this quarter and 1st month of July 2009, however; it must continue over next 12 months in order to recover previous losses.

The City's investment portfolio at June 30, 2009 complies and is in accordance with State laws and the City's investment policies that were approved on November 15, 1999.

	Type of	Maturity	Date		06/30/09	%	03/31/09	% Increase	Reason for
<u>Institution</u>	<u>Investment</u>	<u>Date</u>	<u>Purchased</u>	<u>Yield</u>	<u>\$ Market</u>	Portfolio	<u>\$ Market</u>	<u>(Decrease)</u>	<u>Change</u>
Central IL Bank	CD	12/06/09	12/06/08	3.800%	\$ 244,373		\$ 242,055	0.96%	Accrued Interest
Regions Bank	CD	09/05/09	07/08/08	3.340%	\$ 99,971		\$ 99,151	0.83%	Accrued Interest
National City	CD	01/09/10	01/09/08	4.640%	\$ 96,000		\$ 96,000	0.00%	
Centrue Bank	CD	05/30/09	04/30/08	3.370%	\$ -		\$ 97,000	-100.00%	Maturity
Centrue Bank	CD	05/30/11	05/30/09	2.390%	\$ 100,574		\$ -	100.00%	Purchase
Chase Bank	CD	11/23/10	11/23/07	4.630%	\$ 100,000		\$ 100,000	0.00%	
Freestar Bank	CD	01/23/10	02/23/09	2.720%	\$ 97,643		\$ 97,000	0.66%	Accrued Interest
First Federal	CD	11/29/09	11/29/08	2.580%	\$ 98,978		\$ 97,500	1.52%	Accrued Interest
Chase Bank	CD	11/24/13	11/24/08	4.490%	\$ 99,953		\$ 99,953	0.00%	
Busey Bank	CD	12/10/09	12/15/08	3.200%	\$ 1,000,000		\$ 1,000,000	0.00%	
Busey Bank	CD	04/14/09	12/15/08	2.230%	\$ -		\$ 1,000,000	-100.00%	Maturity
Busey Bank	CD	04/14/09	01/14/09	2.230%	\$ -		\$ 500,000	-100.00%	Maturity
Busey Bank	CD	05/14/09	02/13/09	1.490%	\$ -		\$ 1,003,271	-100.00%	Maturity
Busey Bank	CD	05/14/09	03/15/09	0.750%	\$ -		\$ 750,000	-100.00%	Maturity
Busey Bank	CD	05/20/09	02/19/09	1.490%	\$ -		\$ 1,500,000	-100.00%	Maturity
Busey Bank	CD	06/13/09	03/15/09	1.240%	\$ -		\$ 750,000	-100.00%	Maturity
Busey Bank	CD	07/13/09	05/14/09	0.750%	\$ 437,500		\$ -	100.00%	Purchase
Busey Bank	CD	08/12/09	05/14/09	1.000%	\$ 437,500		\$ -	100.00%	Purchase
Busey Bank	CD	09/11/09	05/20/09	1.240%	\$ 437,500		\$ -	100.00%	Purchase
Busey Bank	CD	10/17/09	05/20/09	1.250%	\$ 250,000		\$ -	100.00%	Purchase
Busey Bank	CD	11/16/09	05/20/09	1.250%	\$ 250,000		\$ -	100.00%	Purchase
Busey Bank	CD	12/16/09	05/20/09	1.250%	\$ 250,000		\$ -	100.00%	Purchase
Busey Bank	CD	01/15/10	05/20/09	1.250%	\$ 250,000		\$ -	100.00%	Purchase
Busey Bank	CD	02/14/10	05/20/09	1.250%	\$ 250,000		\$ -	100.00%	Purchase
Busey Bank	CD	03/16/10	05/20/09	1.400%	\$ 250,000		\$ -	100.00%	Purchase
Smith Barney	CD	11/23/10	11/16/05	4.850%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	12/07/09	11/29/06	4.750%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	07/13/10	07/06/07	5.300%	\$ 50,000		\$ 50,000	0.00%	
Smith Barney	CD	07/13/10	07/06/07	5.300%	\$ 50,000		\$ 50,000	0.00%	
Smith Barney	CD	04/01/09	09/17/07	4.900%	\$ -		\$ 96,000	-100.00%	Maturity
Smith Barney	CD	10/30/09	10/23/07	4.700%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	12/05/14	11/27/07	5.000%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	06/13/11	06/06/08	4.150%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	02/04/11	01/30/09	2.500%	\$ 69,000		\$ 69,000	0.00%	
Smith Barney	CD	02/06/12	01/30/09	3.000%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	04/16/12	04/14/09	3.000%	\$ 96,000		\$ -	100.00%	Purchase
Stifel, Nicolaus	CD	08/31/09	09/01/04	3.855%	\$ 98,864		\$ 92,050	7.40%	Accrued Interest
Stifel, Nicolaus	CD	12/14/09	06/13/07	5.150%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	12/12/13	12/12/08	4.850%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	12/10/13	12/10/08	4.750%	\$ 98,000		\$ 98,000	0.00%	
Stifel, Nicolaus	CD	12/22/11	12/22/08	3.750%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	12/30/11	12/30/08	3.650%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	06/22/09	12/22/06	4.900%	\$ -		\$ 100,000	-100.00%	Maturity
Stifel, Nicolaus	CD	06/20/11	12/19/08	3.750%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	05/28/13	05/27/09	3.350%	\$ 245,000			100.00%	Purchase
Stifel, Nicolaus	CD	06/30/14	06/29/09	4.000%	\$ 95,000		\$ -	100.00%	Purchase
Stifel, Nicolaus	CD	06/15/10	06/18/09	1.050%	\$ 245,000		\$ -	100.00%	Purchase
Stifel, Nicolaus	CD	06/27/11	06/26/09	2.250%	\$ 250,000		\$ -	100.00%	Purchase
Edward Jones	CD	07/13/09	07/11/07	5.200%	\$ 94,000		\$ 94,000	0.00%	
Edward Jones	CD	12/07/09	12/06/07	4.550%	\$ 99,000		\$ 99,000	0.00%	
Edward Jones	CD	12/07/09	12/07/07	4.550%	\$ -		\$ 99,000	-100.00%	FDIC Assumed

	Type of	Maturity	Date		06/30/09	%	03/31/09	% Increase	Reason for
<u>Institution</u>	<u>Investment</u>	<u>Date</u>	<u>Purchased</u>	<u>Yield</u>	<u>\$ Market</u>	<u>Portfolio</u>	<u>\$ Market</u>	<u>(Decrease)</u>	<u>Change</u>
Morgan Stanley (prev. Merrill Lynch)	CD	12/21/09	12/10/07	4.350%	\$ 97,000		\$ 97,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	12/18/09	12/10/07	4.500%	\$ 97,000		\$ 97,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	12/28/09	12/17/07	4.400%	\$ 97,000		\$ 97,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	07/13/09	12/31/07	4.250%	\$ 91,000		\$ 91,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	06/30/11	06/16/08	4.300%	\$ 98,000		\$ 98,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	10/23/09	10/20/08	3.500%	\$ 241,000		\$ 241,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	10/29/09	10/20/08	3.650%	\$ 241,000		\$ 241,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	10/29/09	10/20/08	3.650%	\$ 241,000		\$ 241,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	10/29/09	10/20/08	3.600%	\$ 241,000		\$ 241,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	01/03/11	12/22/08	3.000%	\$ 98,000		\$ 98,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	01/03/11	12/17/08	3.000%	\$ 98,000		\$ 98,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	01/24/11	01/12/09	2.200%	\$ 92,000		\$ 92,000	0.00%	
Morgan Stanley (prev. Merrill Lynch)	CD	12/27/11	06/24/09	2.500%	\$ 247,000		\$ -	100.00%	Purchase
Morgan Stanley (prev. Merrill Lynch)	CD	12/27/10	06/24/09	1.500%	\$ 250,000		\$ -	100.00%	Purchase
Subtotal, CD's					\$ 9,584,851	29.73%	\$ 11,126,884	-13.86%	
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency, FICO	6/27/09	11/03/93	7.000%	-		171,438	-100.00%	Maturity
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency, FICO	11/2/09	11/03/93	7.010%	197,275		190,786	3.40%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency, FICO	11/11/09	11/03/93	7.010%	105,581		102,064	3.45%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,Tstrip	5/15/09	05/26/04	3.800%	-		590,418	-100.00%	Maturity
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,Tstrip	5/15/11	05/26/04	4.310%	661,201		621,472	6.39%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,FHLM	7/6/10	11/22/06	4.500%	166,227		163,976	1.37%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,FHLM	11/3/09	05/14/07	4.750%	634,569		639,650	-0.79%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,FHLM	1/30/14	05/15/09	5.000%	596,750		-	100.00%	Purchase
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,FHLM	11/24/14	01/26/09	3.210%	489,677		499,215	-1.91%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,FHLB	10/22/10	09/25/07	4.375%	261,485		255,625	2.29%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,Tstrip	11/15/16	11/17/08		1,499,809		1,392,653	7.69%	Market Value Adjust
Morgan Stanley (prev. Merrill Lynch)	US Govt, Agency,FHLM	2/15/10	06/29/09	3.875%	177,751		-	100.00%	Purchase
Smith Barney	US Govt, Agency, GNMA	10/20/23	11/26/93	6.500%	12,560		12,532	0.22%	Principal Payments
Smith Barney	US Govt, Agency, GNMA	11/20/23	11/26/93	6.500%	1,094		1,084	0.92%	Principal Payments
Smith Barney	US Govt, Agency,FHLM	3/15/13	05/24/04	5.750%	705,816		671,168	5.16%	Market Value Adjust
Smith Barney	US Govt, Agency,FHLM	7/15/10	05/24/04	4.480%	691,229		659,785	4.77%	Market Value Adjust
Smith Barney	US Govt, Agency,FICO	6/27/11	05/25/04	4.680%	667,408		637,217	4.74%	Market Value Adjust
Smith Barney	US Govt, Agency,FICO	5/30/12	05/25/04	4.900%	688,650		656,047	4.97%	Market Value Adjust
Smith Barney	US Govt, Agency,Tstrip	11/15/09	11/16/05	4.046%	949,354		918,660	3.34%	Market Value Adjust
Edward Jones	US Govt, Agency,FHLM	5/15/30	05/28/04	5.000%	-		999,790	-100.00%	Called
Edward Jones	US Govt, Agency, FNMA	10/12/22	10/12/07	5.500%	1,020,940		1,005,940	1.49%	Market Value Adjust
Edward Jones	US Govt, Agency,Tstrip	8/15/09	12/05/05	4.200%	816,918		794,925	2.77%	Market Value Adjust
Edward Jones	US Govt, Agency,TNote	4/30/11	05/19/06	4.875%	444,891		438,264	1.51%	Market Value Adjust
Edward Jones	US Govt, Agency,FHLMC	5/15/26	05/19/06	6.000%	423,551		421,227	0.55%	Market Value Adjust
Edward Jones	US Govt, Agency,TVA	10/15/23	10/17/08	5.000%	1,376,403		1,417,000	-2.86%	Market Value Adjust
Edward Jones	US Govt, Agency,TVA	5/15/29	05/21/09	4.500%	960,970		-	100.00%	Purchase
Edward Jones	US Govt, Agency,FHLB	1/14/14	01/14/09	2.850%	687,413		690,000	-0.37%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency,FICO	5/11/09	06/06/07	5.030%	-		122,277	-100.00%	Maturity
Stifel, Nicolaus	US Govt, Agency,FICO	9/26/19	05/11/09		144,902		-	100.00%	Purchase
Stifel, Nicolaus	US Govt, Agency, FNMA	8/14/23	10/01/07	6.000%	-		125,079	-100.00%	Called
Stifel, Nicolaus	US Govt, Agency, FNMA	10/29/27	11/02/07	5.250%	458,418		456,693	0.38%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency, FNMA	11/5/27	11/09/07	5.250%	214,260		213,454	0.38%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency, FNMA	12/24/27	12/28/07	5.250%	1,186,128		1,182,372	0.32%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency, FNMA	2/11/28	02/15/08	4.750%	181,332		180,679	0.36%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency, FNMA	2/25/28	02/29/08	5.000%	929,813		921,795	0.87%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency, FHLMC	6/15/23	06/06/08	5.000%	219,344		216,029	1.53%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency,Tstrip	11/15/12	06/06/08	3.020%	280,857		259,887	8.07%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency,Tstrip	11/15/18	11/28/08	3.550%	293,164		296,710	-1.20%	Market Value Adjust
Stifel, Nicolaus	US Govt, Agency, FHLMC	4/15/24	04/30/09	3.500%	188,562		-	100.00%	Purchase
Subtotal, U.S. Govt.					\$ 18,334,302	56.87%	\$ 17,925,911	2.28%	

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	06/30/09 \$ Market	% Portfolio	03/31/09 \$ Market	% Increase (Decrease)	Reason for Change
Morgan Stanley (prev. Merrill Lynch)	MM	n/a	n/a	0.200%	\$ 8,495		\$ 5,503	54.39%	Investment interest
Edward Jones	MM	n/a	n/a	0.010%	\$ 101,660		\$ 40,485	151.11%	Investment Interest and \$99,000 payment from FDIC for CD
Smith Barney	MM	n/a	n/a	0.055%	\$ 163		\$ 5,424	-97.00%	Investment interest and purchase
Stifel, Nicolaus	MM			0.050%	\$ 38,630		\$ 82,371	-53.10%	Investment interest and purchase
IL Metropolitan Investment Fund	US Govt Pool Fund			0.690%	\$ 251,303		\$ 783	31996.14%	Transferred \$250,000 from Busey Bank
Illinois Funds-Money Market	Govt. Pool, IL Funds	n/a	n/a	0.182%	\$ 494,665		\$ 4,261	11509.95%	Revenue from State, \$3.1 M Tfr to Busey
Illinois Funds-E Pay Account	Govt. Pool, IL Funds	n/a	n/a	0.182%	\$ 1,579		\$ 2,696	-41.45%	Revenue Payments, \$65,000 Tfr to Busey
Busey Bank	Savings	n/a	n/a	0.190%	\$ 3,425,698		\$ 2,357,644	45.30%	Normal Bill Paying, \$3.1 M Tfr from IL Funds, R/E Tax Distribution, \$1 M Busey CD Maturity
Subtotal, MM, IPTIP, & Savings					\$ 4,322,193	13.41%	\$ 2,499,167	72.95%	
TOTALS					\$ 32,241,346	100.00%	\$ 31,551,962	2.18%	